

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 10099 180807Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 L-03 /057 W
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R 180657Z JUL 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 4765
INFO AMCONSUL BOMBAY
AMCONSUL MADRAS
AMCONSUL CALCUTTA

LIMITED OFFICIAL USE NEW DELHI 10099

PASS TREASURY AND FRB

E.O. 11652: N/A
TAGS: EFIN, IN
SUBJECT: PAYMENT OF BONUS TO EMPLOYEES OF AMERICAN EXPRESS
INTERNATIONAL BANKING CORPORATION

1. IN THE WAKE OF THE BONUS AMENDMENT LEGISLATION DURING
THE EMERGENCY, THE RESERVE BANK OF INDIA (RBI) ORDERED THE
MANAGEMENT OF AMERICAN EXPRESS NOT TO PAY A BONUS TO ITS
EMPLOYEES WHO HAD ENTERED INTO A PACKAGE DEAL SETTLEMENT ON
VARIOUS ITEMS INCLUDING BONUSES FOR 1974 TO 1977.

2. THE ALL-INDIA COORDINATION COMMITTEE OF THE AMERICAN
EXPRESS EMPLOYEES TOOK THE ISSUE OF THE BONUS TO THE LABOR
COURT WHICH DECIDED IN FAVOR OF THE EMPLOYEES. THE MANAGE-
MENT, WHILE AGREEING TO PAY THE BONUS, WANTED THE CONCURRENCE
OF THE RBI.

3. IN SPITE OF INTERVENTION OF THE LABOR MINISTRY IN FAVOR
OF THE EMPLOYEES, THE RBI HAS ISSUED AN ORDER DIRECTING
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AMERICAN EXPRESS TO FILE AN APPEAL BY WAY OF SPECIAL LEAVE
UNDER ARTICLE 136 OF THE CONSTITUTION IN THE SUPREME COURT
AGAINST THE JUDGEMENT OF THE LABOR COURT.

4. AMERICAN EXPRESS WILL BE SUBMITTING AN APPEAL TO THE
SUPREME COURT TODAY OR TOMORROW. THEY SEE A FIFTY-FIFTY
CHANGE OF THE SUPREME COURT HEARING THE CASE. THE REASON

FOR THE RBI DECISION IS THE FEAR THAT THE AMERICAN EXPRESS
SETTLEMENT WILL SET A PRECEDENT THROUGHOUT THE BANKING IN-
DUSTRY AND WILL SPREAD TO OTHER AREAS AS WELL. AMERICAN
EXPRESS IS WILLING TO PAY THE BONUS AND BELIEVES THAT UL-
TIMATELY IT WILL.
GOHEEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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